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Blessing Atwine, Florence Nakazi and Swaibu Mbowa

FACT SHEET

What characterises an outgrower sugarcane farmer in Uganda?

Production and productivity of an outgrower sugarcane farmer

- Total area under cane in 2021 by outgrowers is about 218,000 acres, but harvested area was about 75,000 acres.
- National harvested cane production is estimated at 5.8 metric tons (MT), out growers accounted for 2.2MT (37 percent) of this production in 2020.
- Average productivity of 29 MT per acre, with spatial variations across sugarcane growing sub-regions of Buganda (28 MT per acre), Busoga (25 MT per acre) and Bunyoro (45 MT per acre).

Entry into and exit from sugarcane growing by out-grower farmers

- Over 40,000 households, who at one point participated in sugarcane growing between 2005 and 2021, about 28 percent out-growers have abandoned cane growing over the years. The observed entry and exit from cane growing is explained by Figure 1.

Persistent decline in cane prices since 2018

- Prices received by farmers have been declined by 33 to 44 percent, depending on the region (Table 1, Panel A).

Table 1: Farmer-reported sugarcane prices (UGX/metric Ton)

Source	Year	Buganda	Busoga	Bunyoro
Panel A: Qualitative KIIs & FGDs				
	2017	175,000	162,000	135,000
	2018		148,000	120,000
	2019		95,333	95,000
	2020	97,000	95,667	105,000
	2021	97,000	93,667	90,100
Panel B: Quantitative survey (Average price)	*Dec 2021*	*95,282*	92,782	97,907

Source: EPRC Field Work (2021)

Figure 1: Reasons given by farmers for entering and exiting cane growing

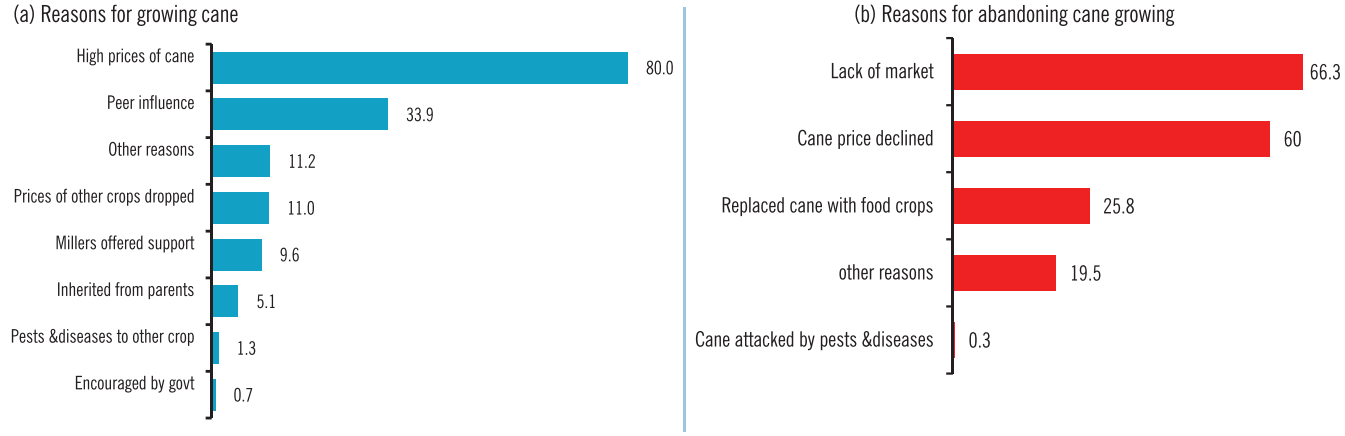


Figure 2: Cane outgrowers perceptions of how cane prices are set (% of growers)

Source: EPRC Sugarcane Household Survey (2021)

Which mills is cane sold to and who determines the prices that out-growers receive?

- Prices are primarily determined by millers i.e Bunyoro (95 percent), Buganda (83 percent) and 52 percent in Busoga (Figure 2).
- Millers and farmers do not negotiate prices, hence farmers are left to be price takers due to their lack of market power and access to adequate market information, relative to millers.

On-farm labour absorption

- More than 29,000 households engage in cane production and 640,000 labourers mostly from rural areas, are employed on out-grower cane farms (Table 2).
- In terms of family labour, more men (300,000) work on cane farms compared to women (280,000). Notably, Busoga has the highest number of family members employed on outgrower cane farms.

Table 2: Total on-farm labourers

On farm labourers	Sub region			
	Buganda	**Busoga**	**Bunyoro**	**Total**
Children (male & female)	7,165	16,606	10,372	34,143
Adult female	47,028	190,036	47,740	284,804
Adult male	41,578	232,885	49,475	323,938
Total	95,771	439527	107,587	642,885

Source: EPRC Sugarcane Household Survey (2021)

Limited access to public support (extension, inputs, and R&D) to sugarcane outgrowers

- Of those that reported use of input and extension services, over 95 percent of the outgrowers received these from millers (Figure 3).
- Life-cycle intervals (before 2005 to 2021), shows that this input credit support from millers has been on a decline (Table 3)
- With the exception of the Bunyoro, the support from millers is reported to have been accessed by only 25 percent of cane growers country wide in the recent past (2012-2021); with Busoga sub-region receiving least of the credit support (Table 3).
- The pattern in the magnitude of access to input credit support across regions described in Table 3, reflects the cane yields recorded in the respective parts of the country.

Figure 3: Self-reported sources of support in sugarcane production (%)

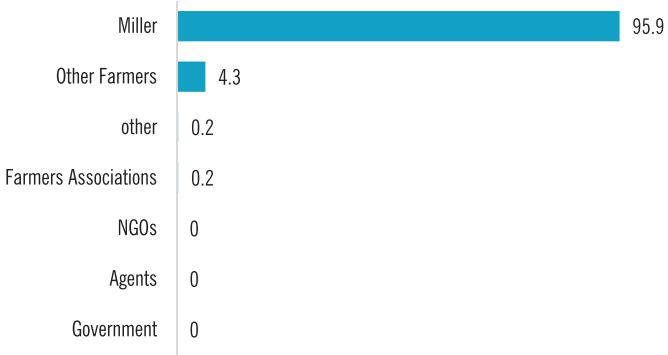


Table 3: Trends in input credit support from millers to growers, by input type (2005-2021)

	Life cycle intervals	Region			All
		Buganda	**Busoga**	**Bunyoro**	
Received support when they started growing cane (%)	Before 2005	85.6	34.5	100.0	44.3
	2006-2011	81.7	31.2	96.2	50.7
	2012-2021	60.0	4.7	89.1	25.0

Source: EPRC Sugarcane Household Survey (2021)

Weak farmers' associations (horizontal coordination) to support supply of raw materials for processing

- Only 16 percent of sugarcane farmers are members of a sugarcane association; with an average longevity in such association under 8 years (Figure 4a).
- Out-growers do not belong to sugarcane growers' association because they are deemed not helpful with cane production and marketing (Figure 4b), which casts doubt on the current association capacity to consistently and sustainably provide services to members.
- The low rates of participation, and short membership periods in farmer associations suggest that these organizations lack the capacity to effectively provide services of value to farmers.

Where do outgrowers sell their cane?

- For farmers who are still growing cane, a sizeable proportion (48.7 percent) sell cane from their farm(Table 4, panel A)
- Farmers who abandoned cane were much more likely (about 73 percent) to have sold cane at their farm (Table 4, panel A).
- Outgrowers who persevere in cane growing spread the looming marketing risk by selling cane to more than one mill (Table 4, panel B).

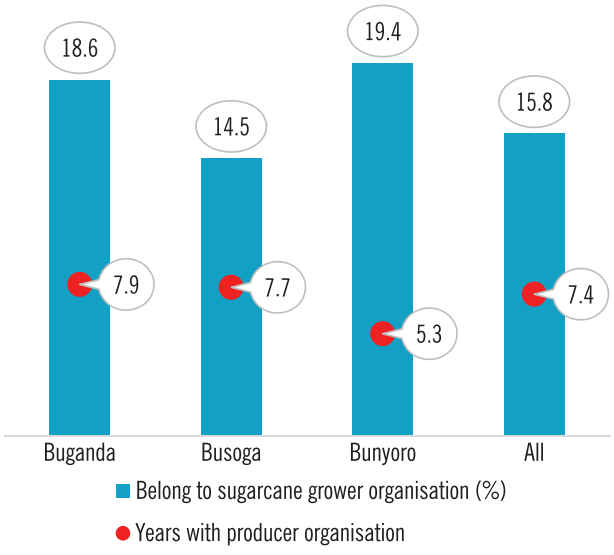
Table 4: Uncertainty in the cane market (%)

Responses	Still growing cane	Abandoned cane growing	All
Panel A: Point of selling cane			
At the farm	48.7	72.9	55.5
At the mill	42.6	17.8	35.6
At the collection centre	0.1	0.0	0.1
Never sold	8.6	9.3	8.8
Total	**100.0**	**100.0**	**100.0**
Panel B: Number of millers sold cane in the past			
One miller	83.3	95.9	85.1
More than one miller	16.7	4.1	15.0
Total	**100.0**	**100.0**	**100.0**

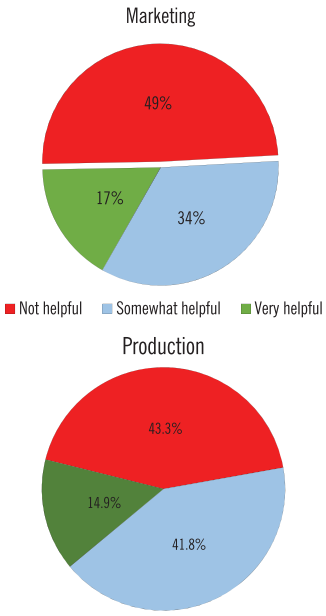
Source: EPRC Sugarcane Household Survey (2021)

Figure 4: Cane grower participation in cane grower associations

(a) Experience with sugarcane grower organisation



(b) Extent to which farmer organisations have been beneficial in cane production and marketing



Source: EPRC Sugarcane Household Survey (2021)

Outgrowers operate beyond the 25 km 'economic zone'

- About 50 percent of outgrowers are located more than 25 km away from the mill to which they most recently sold their cane, which is outside the 25 km 'economic zone' that had been proposed in 2020 National sugar policy as areas in which marketing activities would be financially viable.

Key policy action areas

1. Strong regulatory reforms are required by mandated institutions MAAIF and MTIC to coordinate sugarcane sector in terms of R&D, extension, input subsidies to steward agro-industrialization.
2. There is need for regulation of cane prices based on proposed sugarcane pricing formulated proposed in the Sugar Act, 2020.
3. Stronger grassroots farmer associations would provide support to outgrower cane production and marketing that would eliminate the current unofficial sale and distribution of permits by middlemen.

Table 5: Distance to processing facilities (%)

Distance to Mill (Km)	Registered and aided (n=31,049)	Registered but not aided (n=6,492)	Not registered and not aided (n=4,259)	Total (n=41,800)
Within 25Km	50.9	35.5	13.7	100.0
>25Km	47.8	37.9	14.4	100.0

Source: EPRC Sugarcane Household Survey (2021)

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Address:
Economic Policy Research Centre
51, Pool Road, Makerere University Campus,
P. O. Box 7841 Kampala, Uganda
Tel: +256414541023/4 Fax: +256414541022
Email: eprc@eprcug.org, Website: www.eprcug.org

Learn more at:
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